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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

13 June 1961

DRAFT

MEMORANDUM FOR THE DIRECTOR (Internal O/NE Only)

SUBJECT: Chinese Communist Intentions in Southeast Asia

NOTE TO THE BOARD

This memorandum is in response to an approach to the DD/I by ISA, DOD (Mr. William Bundy) on the subject, 8 June 1961. Mr. Bundy had noted certain reports which he felt raised the possibility of some impending extreme action by Communist China, and he wished us to consider whether a SNIE on the subject might be justified. We have examined available evidence, with the aid of representatives of O/CI, O/RR, and FBIS, and feel (as do they) that extreme Chinese action is unlikely. We propose that the Board send copies of the final draft of the attached memorandum to the Director and to ISA, DOD, and that no SNIE be initiated at this time.

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MEMORANDUM FOR THE DIRECTOR

SUBJECT: Chinese Communist Intentions in Southeast Asia

1. Since December 1960, coincident with Soviet logistic support of the Communist effort in Laos, there has been an increase in Chinese Communist support of this effort and in the Chinese presence in the Laos war. However, we find no evidence -- from any source -- which indicates that the Chinese intend to invade Laos or Southeast Asia in the near future. Barring extreme US or SEATO action which appeared to threaten the Communist stake in Laos or North Vietnam, the Chinese Communist threat to Southeast Asia will almost certainly continue to be principally political, psychological, subversive, and paramilitary in nature.

This memorandum has been produced with the assistance of representatives of O/CI, O/RR, and FBIS.

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2. Communist China's enlarged role in the Laos war has apparently taken various forms. Ammunition from Chinese depots has been captured in Laos from Pathet Lao/Kong Le forces. Peiping, despite its virtually depleted foreign exchange holdings, made nearly \$9 million available to the rebels in January. Foreign Minister Chen Yi pledged aid to Souvanna Phouma in February; on 25 April, a Chinese-Souvanna joint statement expressed the Laotian government's (Souvanna's) thanks to the Chinese for "their generous and selfless assistance," indicated that Souvanna had agreed to diplomatic relations with Peiping, and stated his acceptance of a Chinese offer to build a road in Laos for his government.

Souvanna's commander

in Phong Saly Province has paid a "friendly visit" to Chinese officials in Yunnan; a return Chinese visit is probable. Meanwhile, the Chinese have made various "intervention" statements in recent months* almost certainly meant to justify a major Chinese military role in Laos if such a course is later decided upon. In addition

* These threats have been generally ambiguous and have been issued at times when the situation in Laos was such that there appeared little likelihood of their having to be carried out. Additionally, Peiping is tolerating situations, e.g., the remaining KMT irregulars in Burma-Laos, which it earlier said it would not.

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to this logistic, financial, and political support, the Chinese have probably committed a few military personnel to observer or advisory roles with PL/KL forces in Laos.

3. To our knowledge, there has been no general southward deployment of Chinese military forces in China. We are aware of no augmentation of regularly-stationed Chinese ground forces in the southernmost provinces. Similarly, we are aware of no CCAF bomber units presently stationed within effective combat range of Laos, though redeployment to closer bases could of course quickly take place.* CCAF-Soviet-North Vietnamese (DRV) air force relations are not clear. Soviet transport and helicopter aircraft are apparently being transferred to the DRV. We have no firm evidence that jet combat aircraft are being so transferred, and we doubt that the DRV could effectively operate such aircraft within the near future.

4. We do not believe that Communist China's drastic food shortage will impel Peiping to invade Southeast Asia at an early

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date. The Chinese leaders almost certainly estimate that such action would result in military involvement with the US on a major scale. Apart from their own reluctance to run this risk, the USSR would almost certainly bring strong pressure on them to prevent such a course, partly because of the risks and partly because of the unfavorable effects for Bloc policy elsewhere. The Chinese would find no food surpluses in the DRV, itself currently experiencing severe grain shortages. And in view of the devastation wrought by invasion, it would probably take at least a year to make the modest rice surpluses of Burma, Thailand, Cambodia, and South Vietnam available to China, and even those surpluses would be small compared to China's vast food needs.

5. An overt invasion would be out of character with the trend of Communist China's policies towards Southeast Asia. Despite occasional tough talk, Peiping has gone to great lengths to project the image of its "reasonableness" there, and to this end has pursued a fairly soft course in the past year or so especially towards Burma, Cambodia, and Indonesia. It is probable that Chinese leaders would consider that overt aggression in Southeast Asia would shatter this effort, greatly lessen Asian

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and African support for Peiping's world status aims, disrupt internal revolutionary movements and Sino-Soviet relations in the Southeast Asian countries, and perhaps drive India fully into the Western camp. Finally, we believe that Peiping's energies are so concentrated on attempting to alleviate its desperate economic situation, by internal means, that it presently has little inclination to assume the additional burdens and risks a military adventure would entail.

6. In sum, we continue to estimate that the Chinese Communists are unlikely to intervene on a major scale in Laos or Southeast Asia in the near future, and especially as long as no serious setback or threat is posed to Communist fortunes in Laos. The Chinese will probably continue essentially their present actions in the area; there will probably be a resulting increase in the Chinese presence in the Laos war, but almost certainly no displacing of the greater roles being played by the DRV and the USSR. The Chinese response would be strong if US or SEATO forces moved into Laos to hold the Mekong towns. However, despite almost certain Chinese Communist threats to take action against "US-KMT intervention" in Laos, we believe that Peiping's initial response would stop short of overt counter-intervention,

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and that DRV troops would probably do the invading if a Bloc decision were made to contest the US/SEATO move. Chinese Communist forces would probably be committed in strength only if and when the Communist stake in the area appeared threatened.

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